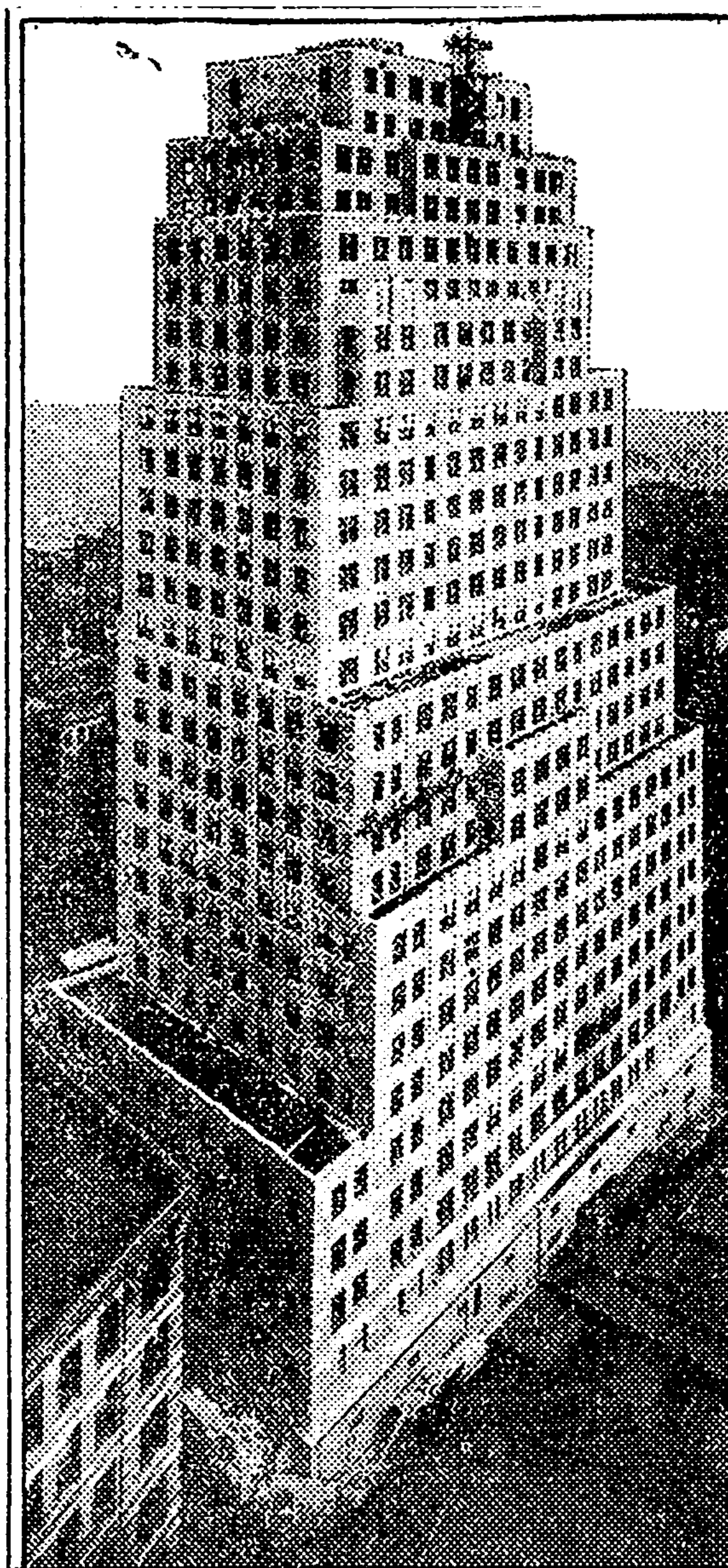
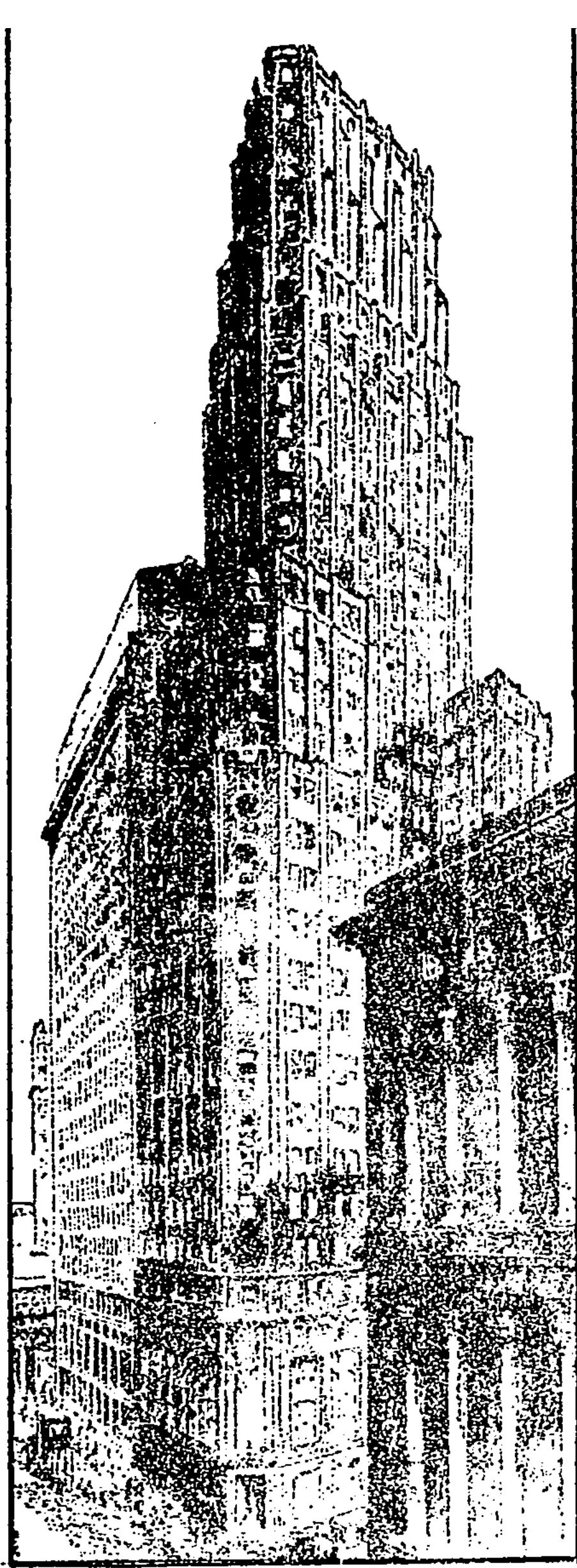


NEW YORK CITY SPENT \$836,990,105 FOR NEW BUILDINGS IN 1928

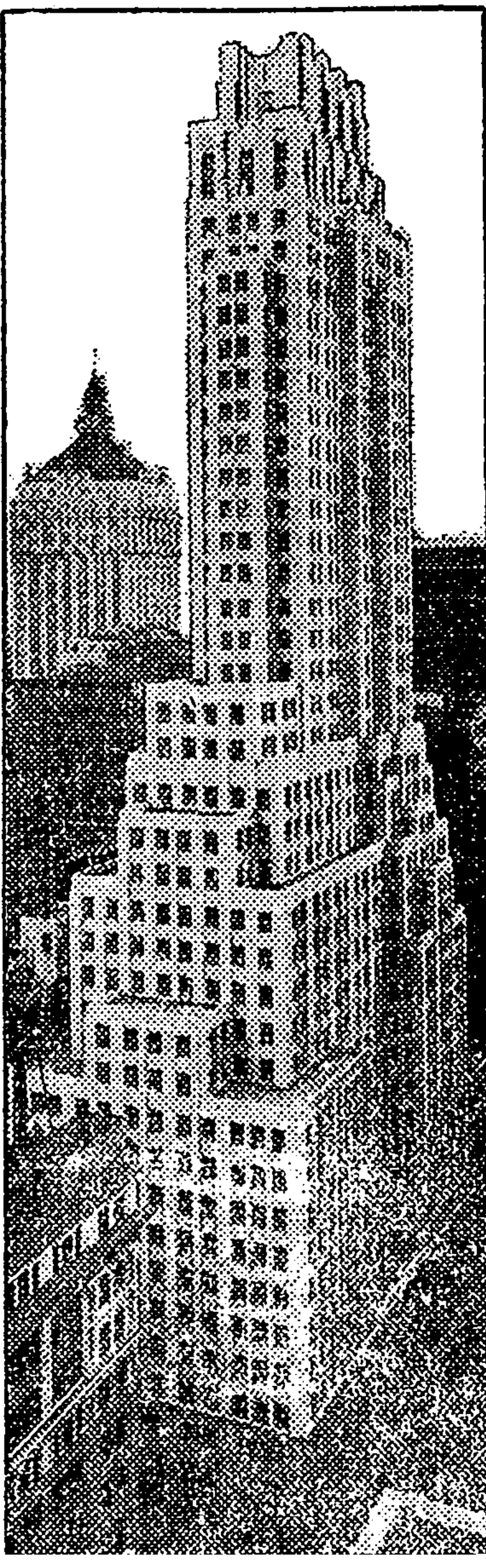
Six New Peaks That Have Appeared During the Past Year on the Constantly Changing Skyline of Manhattan—The Proposed Chrysler Building, Forty-second Street and Lexington Avenue, Will Overtop These Structures and Also the Woolworth Building, Now the Tallest in the City



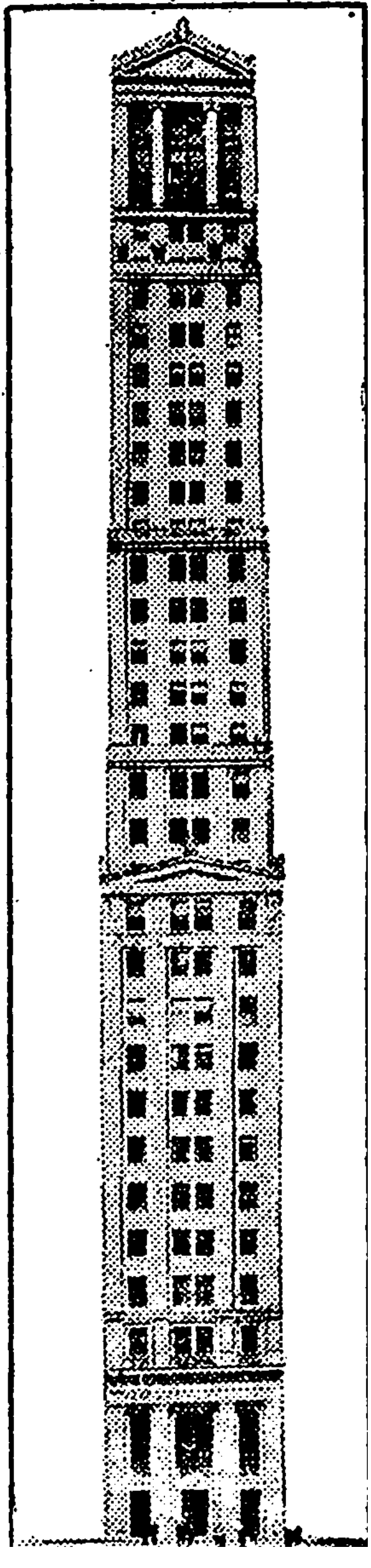
Commercial Building, Completed for 1928
Occupancy at 111 John Street.



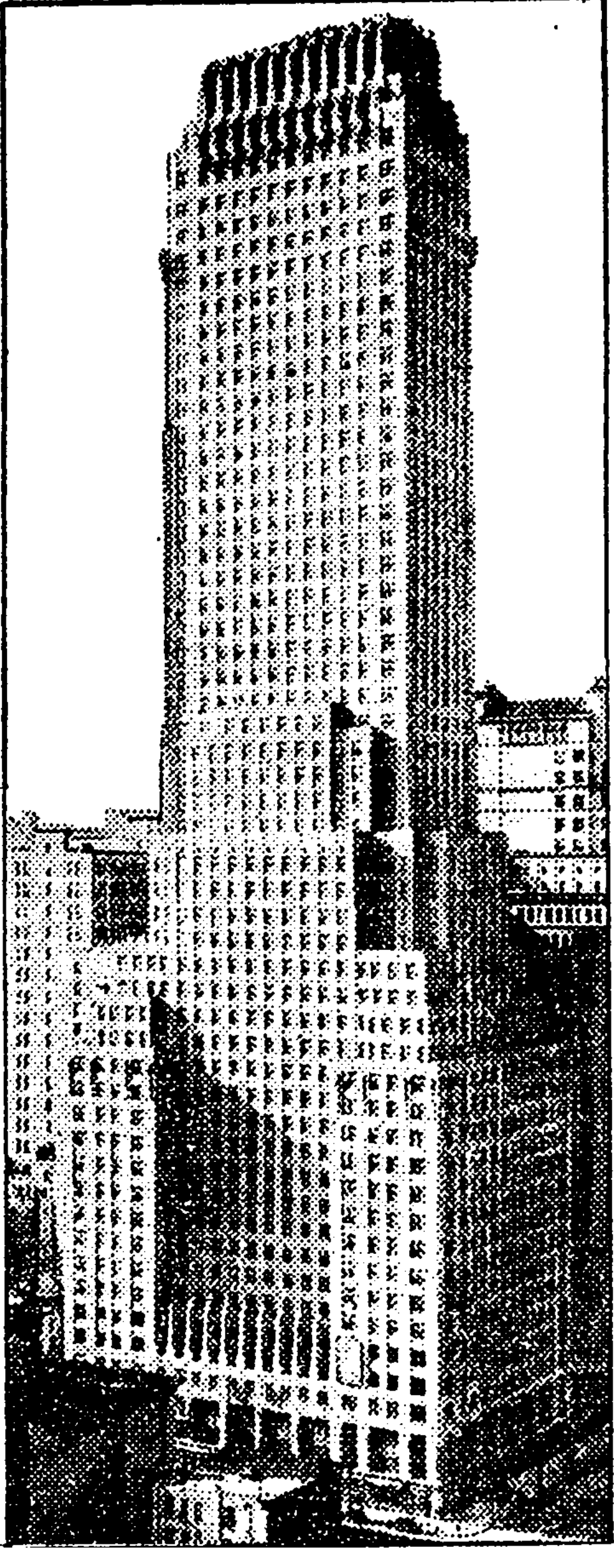
Brown Brothers' Bankers Building, 63 Wall Street.



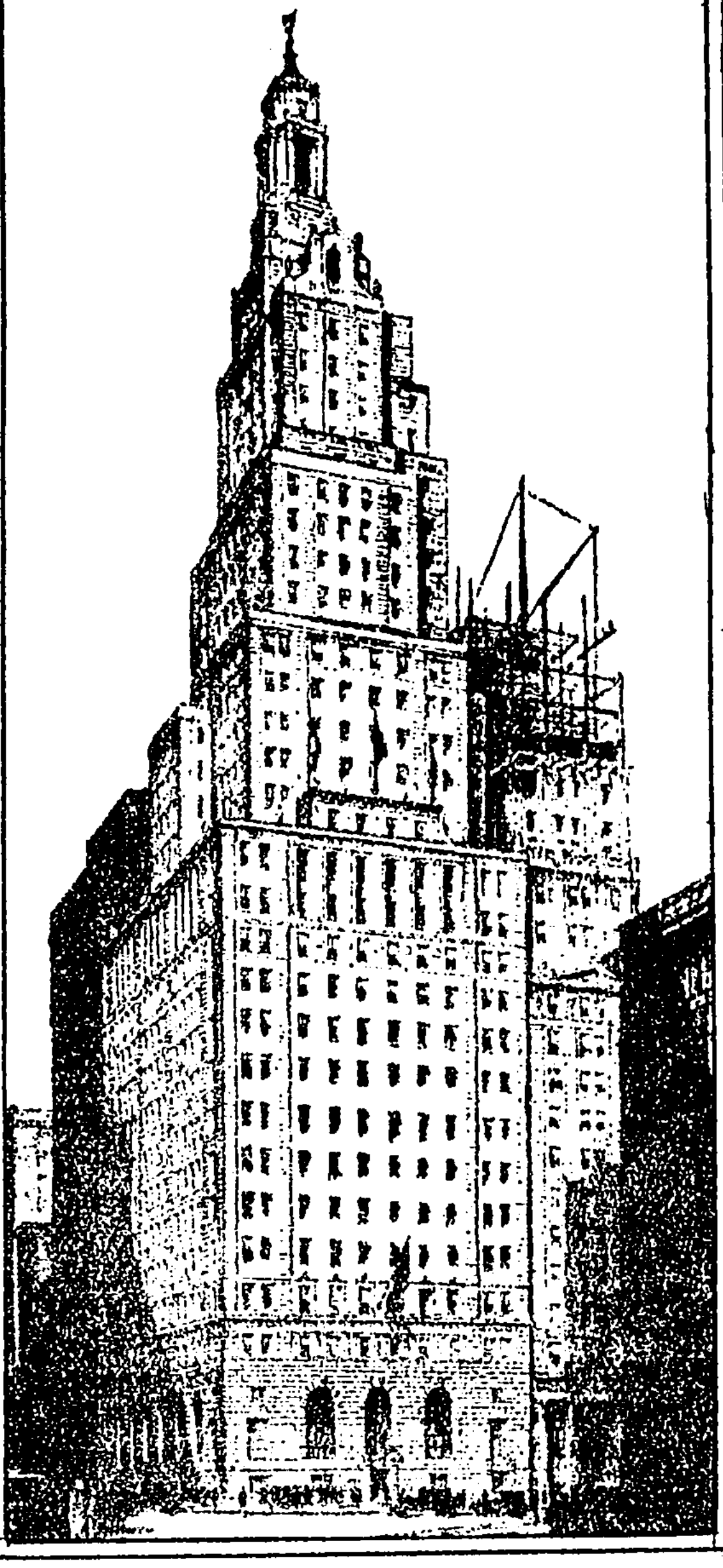
Lefcourt-National Building,
Forty-third St. and Fifth Av.



National City Company
Building, 52 Wall Street.



The Chanin Building, Forty-second
Street and Lexington Avenue.



Bank of New York and Trust Company,
Corner of Wall and William Streets.

THE year 1928 saw the completion, following five years of intensive study by the Regional Plan of New York and Its Environs, of several voluminous reports on the conditions affecting the growth and development of New York City and the area within fifty miles of the metropolis. These reports, with others still to be published, will serve as the basis for a comprehensive plan for the development of the entire region during the next thirty-five years.

A report on land values, and the factors affecting land values, which was ready for publication at the close of the year, considers, among other things, the economic heights of buildings.

The report points out that under some circumstances the best economic use of the dearest land may be to erect quite low buildings. After giving several examples of low buildings which have been or are being erected on very costly land, the report states:

"The persons promoting these developments are those who have been most conspicuously successful in sound real estate operations, and who have contributed largely to the development of the Fifth Avenue shopping district."

The report then quotes the following comment, by Captain William J. Pedrick, vice president and general manager of the Fifth Avenue Association:

"It would seem that the time is here when it is no longer possible to figure the maximum return on property from the erection upon it of the bulkiest building the law permits. The modern trend, as evidenced all over the city, is to question the economic value of such buildings. After all, the erection of these huge bulks causes the land to lose much of its individuality, and the entire return is on a competitive square-foot basis, with cheap land almost as well favored as expensive land in the competition. On the other hand, higher priced land, if thoughtfully developed along lines for which it is particularly featured, with buildings designed to create distinction rather than cubage, may yield not only a better return but an increased return."

Value of Low Buildings.

The opinions of other experts on this subject are also given. Richard M. Hurd says that low buildings in valuable locations pay a higher percentage of income than high buildings. Frequently, what are called "taxpayer" buildings may cost less than one-tenth the value of the land and pay better than any other type of improvement. The operating expenses, which run 50 to 60 per cent of the gross rentals in office buildings, may drop below 20 per cent, including taxes—that being the only serious item in connection with one-story buildings.

W. Burke Harmon of the Harmon National Realty Corporation says that the ideal business investment from the standpoint of percentage return rather than dollars and cents return is a structure of one or possibly two stories, even though its value may be as low as one-half of the unimproved land. The reasons he gives for this are, first, that all floors above the second floor can be largely eliminated as contributors toward the income of the building over a long period of years, and, second, that the cost of upkeep of the upper stories and the interest on the investment represented, plus taxes, would barely be met by the revenue derived from that space in normal times.

"It would seem," says the report, "that both in the uptown shopping district and in the downtown office centre the presence of large daytime populations creates special opportunities for stores to serve these concentrated populations."

"If this deduction is correct and if the reports of tall building operations indicating that such buildings frequently do not earn more than 5 or 6 per cent are true, then it would seem that the shrewdest operators today are simply capitalizing the monopoly site values created by accessibility and concentrated population, to secure the high store rentals that flow from such concentration without assuming the burden of high building overhead and operation. In

the early days of the skyscraper era this capitalization of monopoly site values took a different form, namely, that of providing the maximum carpet area or rentable office space upon a given accessible site.

"Zoning regulations, which have the effect of reducing the heights and areas of occupancy of buildings, may have different effects on land values in central areas. The zoning resolution of 1916 in New York City does not seem to have had much, if any, effect in reducing values as a result of the limitations on height and bulk."

The Effects of Zoning.

"These limitations did not go far enough. Owners of property are prepared to go much further than the zoning law requires in limiting heights and bulks even where land is dearest. The effects of zoning in restricting heights are so much involved with the type of use for which the land is adapted, and with problems of values in whole neighborhoods rather than on particular sites, that they can only be surmised."

In relation to zoning in the business districts, the report says:

"One great benefit of zoning is to prevent premature shifting of values, such as threatened the retail sections along Fifth Avenue before zoning put a stop to the northward movement of factories. The prevention of the encroachment of factories into the high-class retail, office and hotel neighborhood north of Thirty-fourth Street has helped to create and stabilize some of the highest values in the city."

"There is, however, a tendency toward restoration of values in the Twenty-third and Fourteenth Street sections. There has been a great increase in the number of fares collected at the Fourteenth Street subway stations. Congestion is also increasing the uptown current of busi-

ness growth toward Fifty-ninth Street and beyond.

"It would seem that even Forty-second Street must face a certain shifting of values after they reach a certain high level, in spite of the restriction against factories. The reason would appear to be that overloading of the land with high buildings and consequent congestion reaches a point where the pressure of population rebounds and people and business seek other neighborhoods."

"The stability of the financial centre crowded with high buildings is no guarantee of the stability of a retail centre which becomes similarly crowded, but in which room has to be found on the streets for a large volume of through traffic, and for an enormous population of hotel transients and theatregoers. It will be fortunate, therefore, for owners of property in the midtown section of Manhattan if further restrictions can be imposed on building heights and bulks to prevent the lowering of economic values which are likely to accrue with an increase of congestion."

The report also points out that buildings of great bulk may depreciate the value of other buildings on adjacent sites by withdrawing tenants from them.

Land Values.

"The statement is sometimes made," it is stated "that the loss of capital which occurs from high buildings drawing tenants from old buildings in the same vicinity is counteracted by the increment of value in the land occupied by the high buildings. This can be true only in the limited areas where the monopoly value is sufficient to create increment as a direct result of a high type of building."

"Allowing for all factors, it is questionable if high buildings create more land value than they destroy,

even in their own neighborhood. Over wide districts their effect, in the aggregate, must be to depreciate values in proportion as they retard reconstruction of old buildings, reduce the demand for land by using air rights, and cast a shadow on other buildings. Nevertheless, the fact that they can be erected gives sites suitable for the purpose a high monopoly value. Had there been greater restriction on heights of buildings in the small areas of Manhattan where the maximum height has been permitted, it is most likely that values would not have risen but, rather, would have fallen in these areas. But they would have increased in the much larger areas brought into use as a result of more widespread development."

The report finds that in the New York region increased incomes have improved the standard of living and thus caused higher land values by increasing demand for land.

"The desire for better conditions is reflected in changes that have been taking place in regard to the distribution of land values," it explains. "Properties in bad condition and with disagreeable surroundings are facing a falling market, while light, air, natural beauty and other features of an esthetic kind are attracting higher prices. This is one of the most important considerations that has to be borne in mind in planning the New York region. Land values in New York are not only growing but are fluctuating in consequence of the demands for more wholesome and more orderly living conditions."

Speaking of zoning in relation to residences as well as to business buildings, the report states that more scientific methods need to be employed in connection with zoning areas for apartments and private residences. Wise zoning should be carried out and correlated with a plan of the streets, open spaces and other physical features in every locality.

In order to maintain real land values a regional plan, it is said, should contain proposals that all types of building shall be erected in the right places and have ample space surrounding them for health, recreation and street circulation, and not proposals to discourage the erection of particular types of dwellings on the ground that they, in themselves, are objectionable.

Some Low Value Causes.

"Land that is suitable for industries and not suitable for residences may be greatly reduced in value for its best use if part of it is subdivided into small lots and sold to numerous investors prior to a demand for its industrial use taking place," continues the report. "Great inconvenience and expense are sometimes caused to manufacturers in having to acquire land cut up in lots from large numbers of people, and in some cases valuable local improvements have to be scrapped where they are constructed to suit a kind of development different from that needed for industries. These result in reduced values."

"Want of zoning and a well-balanced plan often results in areas being allotted for business purposes in excess of any reasonable need. This results in depreciation of values and the erection of cheap, unprofitable stores, and the latter injure the amenities of the adjacent residential land and depreciate its value."

"The grouping of business buildings together has a beneficial result on land values. Changes in use from residence to business often result in long periods of low or uncertain values during the transition stage. Rapid growth of a city may cause rapid shifts in business centres, with the result that new areas enjoy a great increment of value and forsaken areas suffer serious depreciation, as witness the great increase of values along Forty-second Street and the depreciation along Twenty-third Street, which are the result of the shift northward of retail business in Manhattan."

"The stability of a retail business section is most endangered when rental values have reached their highest level. The pressure of population that causes values to increase in such a section tends in time to destroy accessibility by congestion and to reduce the security on which the values depend."